

HERSHEY CHOCOLATE CORPORATION

AND

AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET

December 31, 1931

AND

CONSOLIDATED PROFIT AND LOSS ACCOUNT
AND SUMMARY OF CONSOLIDATED SURPLUS ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1931

Together with

Auditors' Certificate

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED BALANCE SHEET -- DECEMBER 31, 1931

ASSETS

CURRENT ASSETS:

Cash.....	\$2,522,842.37	
Bankers acceptances.....	504,120.53	\$ 3,026,962.90
Accounts receivable.....	\$1,566,991.64	
Less—Reserve for bad debts and discounts.....	347,010.99	1,219,980.65
Inventories of raw materials, goods in process and finished goods, certified by officials of the Company as to quantities and condition, valued at the lower of cost or market.....		5,934,494.76
Total current assets.....		\$10,181,438.31

WORKING ASSETS:

Supplies and repair parts.....	\$ 210,759.89	
Salesmen's advances, prepaid insurance, etc.....	175,029.74	385,789.63

HERSHEY CHOCOLATE CORPORATION, CONVERTIBLE PREFERENCE STOCK—1,500 shares at cost.....

114,287.50

PLANT AND PROPERTY:

<u>Particulars</u>	<u>Gross Book Value</u>	<u>Reserve for Depreciation</u>	<u>Net Book Value</u>
Land.....	\$ 123,428.39	\$ -	\$ 123,428.39
Buildings and improvements.....	5,959,532.88	2,443,817.84	3,515,715.04
Machinery, equipment and fixtures.....	10,114,488.68	5,905,005.22	4,209,483.46
New York properties.....	1,474,200.81	259,089.36	1,215,111.45
	<u>\$17,671,650.76</u>	<u>\$8,607,912.42</u>	<u>\$9,063,738.34</u>
Construction in Progress.....			114,034.22
			<u>9,177,772.56</u>
			<u>\$19,859,288.00</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts and wages payable.....	\$ 529,164.05
Accrued state taxes.....	130,162.93
Reserve for Federal income tax.....	1,095,092.91
Dividends payable February 15, 1932 on convertible preference stock and common stock.....	1,643,590.00
Total current liabilities.....	<u>\$ 3,398,009.89</u>

CAPITAL STOCK AND SURPLUS:

Convertible preference stock (without par value) authorized and issued 350,000 shares of which 56,820 shares have been converted into common stock. Issued and outstanding 293,180 shares at stated value (see note).....	293,180.00
Common stock (without par value)—authorized 1,000,000 shares of which 293,180 shares are reserved for conversion of convertible preference stock. Issued and outstanding, 706,820 shares at stated value.....	706,820.00
	<u>\$ 1,000,000.00</u>
Surplus at organization.....	2,793,596.99
Earned surplus, December 31, 1931.....	12,667,681.12
	<u>16,461,278.11</u>
	<u>\$19,859,288.00</u>

NOTE: The convertible preference stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum, plus an extra dividend of \$1.00 per share in any year in which dividends are declared or paid on the common stock. Upon any distribution of capital assets the convertible preference stock is entitled to receive \$50.00 per share and accumulated unpaid dividends (if any) before any distribution to the common stock and shares equally per share with the common stock in any distribution of the balance until the convertible preference stock receives a total of \$100.00 per share and accumulated unpaid dividends (if any).

HERSHEY CHOCOLATE CORPORATION AND AFFILIATED COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1931

NET SALES.....	\$30,201,290.71
COST OF SALES.....	<u>19,349,723.27</u>
Gross profits on sales.....	\$10,851,567.44
SHIPPING, SELLING AND ADMINISTRATIVE EXPENSES.....	<u>2,361,963.89</u>
Net profits from operations.....	\$ 8,489,603.55
OTHER INCOME, LESS MISCELLANEOUS CHARGES.....	<u>194,575.72</u>
Net profits before provision for Federal income tax.....	\$ 8,684,179.27
PROVISION FOR FEDERAL INCOME TAX.....	<u>1,048,561.13</u>
Net profits carried to surplus account.....	<u>\$ 7,635,618.14</u>

NOTE: Costs and expenses include provision for depreciation of \$797,735.44 on plant and property

SUMMARY OF CONSOLIDATED EARNED SURPLUS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1931

Earned surplus at December 31, 1930.....	\$10,205,542.98
Net profits for the year ended December 31, 1931.....	<u>7,635,618.14</u>
	\$17,841,161.12
Dividends:	
Convertible preference stock.....	\$1,463,800.00
Common stock.....	<u>3,709,680.00</u>
	\$ 5,173,480.00
Earned surplus at December 31, 1931.....	<u>\$12,667,681.12</u>

SUMMARY OF CONSOLIDATED SURPLUS ACCOUNT AT ORGANIZATION

Balance—December 31, 1930.....	\$2,389,826.46
Adjustment of accrued taxes at date of organization.....	<u>403,770.53</u>
Balance—December 31, 1931.....	\$2,793,596.99

DIRECTORS—Messrs. M. S. Hershey, William F. R. Murrie, Ezra F. Hershey, and John E. Snyder, all of Hershey, Pennsylvania, P. A. Staples, of Central Hershey, Cuba, and Stanley A. Russell and J. P. Ripley, both of New York City.

OFFICERS—M. S. Hershey, Chairman of Board of Directors; William F. R. Murrie, President; John E. Snyder, Vice-President and Secretary, and Ezra F. Hershey, Treasurer.

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS

MEMBERS AMERICAN INSTITUTE OF ACCOUNTANTS

67 WALL STREET

NEW YORK

AUDITORS' CERTIFICATE

To Hershey Chocolate Corporation:

We have examined the accounts of the Hershey Chocolate Corporation (a Delaware corporation) and Affiliated Companies for the year ended December 31, 1931, and certify that, in our opinion, the accompanying consolidated balance sheet, profit and loss account and summary of surplus accounts fairly present the financial position of the companies at December 31, 1931, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

New York, N. Y.,
February 17, 1932.

The Leading Products in the Chocolate Industry



Your assistance in furthering the sale of
these products will be reflected in
the statement of earnings